

CONCEPT PAPERS ON
NATIONAL INTELLIGENCE ORGANIZATION

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INTRODUCTION

The papers included in this compendium were written during the last year in response to various issues and problems in the operation of the Intelligence Community. They are not consistent in detail - ideas change over time - and cover only selected aspects of national intelligence organization and operations.

They may be of interest, however, for the range of issues presented, and the various ideas raised regarding possible future changes in the national intelligence structure. They should be regarded only as "concept paper" - ideas raised for discussion purposes and to provide a broader perspective on current intelligence organization and procedures.

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INTERFACE WITH THE NCA, WARNING COMMUNITY, NSC AND DCI

Some of the most serious present and potential problems in defense intelligence operations and management have nothing to do with the organization of the defense intelligence community. Further, they often have the effect of making the defense intelligence community seem weak when the real problems stem from the outside. These problems cannot be solved in the Department of Defense, but should be considered in evaluating the previous recommendations and issues, and in determining how an improved defense intelligence organization should interface with the rest of the National Security Community.

A. THE NATIONAL COMMAND AUTHORITY

Intelligence is only one part of the National Command Authority. It is, however, a critical part in time of crisis and war. The basic problems for defense are how the National Military Intelligence Center might best support the SecDef and the CJCS under such conditions, whether it can concurrently provide civilian decision-makers outside defense with the intelligence they would need from defense, and how it would interact with other intelligence and crisis management systems under truly serious crisis conditions.

The national intelligence community, and the national military command, have attempted to cope with individual problems in the NCA by improving the NCA system. Their success on an inter-agency basis is uncertain, and its responsiveness to the specific needs of a President at least merits review.

The problem is that no minor crisis will really test the ultimate performance of the system, nor will any exercise "designed (or exercised) from below." Accordingly, while it is not clear that a serious problem exists, the apparent lack of a clear plan and structure for national intelligence management in a major conflict indicates that serious study is needed at the White House level.

B. THE "INDICATIONS AND WARNING COMMUNITY"

The Department of Defense has made major improvements in its current intelligence, and indications and warning efforts since the October War. The fact remains, however, that there is no national indications and warning system and no real national system for handling crisis intelligence. Again, agency-oriented improvements are being grafted on to improved inter-agency communications and methods of data exchange and process. No one is clearly in charge, and no clear goals exist for action.

There is also too much emphasis on the narrow definition of the term "Indications and Warning." I&W is too often interpreted to mean warning of immediate actions or attack, and structured in such a way that the activity

involved is legitimately vulnerable to the criticism that it, "provides warning of its imminent demise that can be acted upon only after it is dead." Too little emphasis is placed on long-term warning and crisis prevention, and too little attention is paid to what intelligence does after warning and during a crisis or conflict.

There is a need for a national current intelligence system -- with I&W as one of its functions -- which links the specialized expertise of each major element of the intelligence community. The National Military Intelligence Center (NMIC) may, as it evolves, provide a core around which the military aspects of such a system can be built. Defense cannot, however, act alone.

C. THE ROLE OF THE NATIONAL SECURITY COUNCIL

The change in administration will leave defense intelligence without a clear interface with the National Security Council, and without a clear chain of decision making to guide the efforts of defense intelligence at the national level. Making such an interface efficient is critical to proper defense intelligence support of the national user.

In practice, the Director of Central Intelligence has provided only part of substantive or policy related tasking through his plans or scheduled national intelligence production. The White House, or senior officers under the Secretary of State, have provided the key guidance as to substantive priorities through their tasking of National Security Study Memorandums and other key policy related intelligence tasking.

Unfortunately, this process has not been properly recognized within either the National Intelligence Community or by many national security planners. The "myth" has been that the DCI anticipates requirements and plans intelligence production rather than reacts to the special needs of decision makers. While key intelligence efforts are driven and initiated by the policy needs and priorities of White House, NSC and State, the national intelligence system is set up to produce national estimates as if an IC-generated production plan could manage intelligence production.

The problems inherent in this "myth" have been compounded in recent years because of weaknesses in the policy process. The NSC and State have not done a good job of tasking strategic planning, or systematically reviewing the overall requirement for intelligence in "non-crisis" areas.

The Central Intelligence Agency and INR can cope with this situation better than can Defense intelligence, because they have more direct access to the civilian decision makers involved, and can substitute direct contact for policy guidance and the "myth" of national intelligence planning. Even these agencies, however, suffer sharply from the fact that national intelligence planning and tasking needs to be reorganized to reflect the reality of user tasking at the White House, NSC and Secretary of State level, and such tasking needs to be made more systematic, given more depth, and given a clearer management structure.

D. THE ROLE OF THE DIRECTOR OF CENTRAL INTELLIGENCE

The 1976 reorganization of the National Intelligence Community has not yet developed an effective national intelligence management structure, and may be unable to do so. The following specific problems affect the operations of the defense intelligence community:

-- the role of the DCI as a "planner", a "manager", a "resource allocator", and "advisor" remains unclear. The text of the "charter" of the DCI is ambiguous, and most importantly, the management structures and planning systems necessary to give meaning to this charter remain undefined, or so weakly structured as to leave their functions unclear.

-- the Committee on Foreign Intelligence (CFI) can only work if its decisions deal with the major planning and policy problems of future development, improving the substance of intelligence, and overall resource planning. The lack of a viable supporting structure of management and planning has left the CFI focusing on current issues of moderate importance when it should be reviewing major decisions.

-- the national intelligence planning cycle is little more than an empty and purposeless shell. Most of the present national planning and guidance documents have little real meaning in terms of shaping production, development, and resource decisions. The documents also lag far behind the budget cycle, and often seem to have little real purpose. Nothing approaching an effective national PPBS system exists, and no clear definition has emerged of what span of DCI control over the community is useful or can be achieved.

-- the "myth" of DCI planning of national intelligence production, discussed earlier, does not set policy related priorities, but it does seem to generate a great deal of intelligence effort with no clear user. This consumes major defense intelligence resources.

-- the role of the Intelligence Community Staff remains unclear, and capabilities seem weak. The staff is still far too dominated by members of the intelligence community. It badly needs to bring in outside analysts and managers who do not have agency biases and who have broader expertise. These problems in the IC Staff create continuing problems in its interface with defense. Good system and resource managers are urgently required.

-- the NIO system presents the problem that it substitutes a series of "feudal baronies" for effective substantive management. While some of the "Barons" do an excellent job, they are not a substitute for coherent management which can make major improvements in the quality of substantive intelligence, and in the responsiveness of the product to user needs.

These problems sharply limit what the Department of Defense can do to put its own house in order. They also present the difficulty that an improved defense intelligence organization might be somewhat out of step with the structure for national intelligence management when such a structure finally emerges.

RETHINKING THE

NIE PROCESS:

A CONCEPT PAPER

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The current debate over NIE 11-4 and NIE 11-3/8 raises broader issues regarding the value of the present NIE process. Regardless of the substantive issues involved in individual NIEs, there seem to be valid reasons to question whether this kind of intelligence reporting is what policy makers need and use, and whether it justifies the large amount of resources spent by the intelligence community.

A. THE "PROS" AND "CONS" OF THE NIE PROCESS

The arguments for the present NIE process are summarized in Table One below.

TABLE ONE
THE CASE FOR THE NIE PROCESS

-- Results in a single document which summarizes Intelligence Community views, and which presents agreed intelligence for planning purposes.

-- Provides a coordinated set of intelligence judgements on key issues.

-- Ties together the many disparate studies performed by the Intelligence Community into a coherent structure which is designed to be easily understood by senior policy makers.

-- Acts as a catalyst to bring together a diverse range of intelligence expertise and organizations into an integrated effort.

-- Ensures that the Community does not lose sight of the need for broad analysis in focusing on individual issues.

-- Allows senior users and decision makers to quickly review the overall intelligence effort, and judge its quality and effectiveness.

-- Provides a forum through which dissenting views can be surfaced to senior decision makers.

The various criticisms of the present NIE process are summarized in Table Two.

TABLE TWO
THE CASE AGAINST THE NIE PROCESS

A. Relevance to Senior Policy Makers

-- The NIEs and NIAMs are committee drafted documents which lack insight and depth, and result in "lowest common denominator" reporting on critical issues.

-- Decision makers really do not read or use such products. They rely on direct contacts, NSSMs, or more detailed analyses of special issues.

-- The NIE process generally leaves the user without a sense of perspective. He has no way to evaluate the importance of the data he is given on foreign forces against U.S. forces, or to tie this data to major policy decisions. He must thus rely on his staff to do this for him, and they will generally go directly to the analyst for more detailed information.

-- The NIE process takes too long, and most of the reporting emerges to users through other channels before the NIEs are complete.

-- The NIE effort is still geared to the "myth" that senior policy makers rely on such national intelligence estimates for judgments and predictions regarding foreign nations. In fact, most users make their own judgments and often have access to a broader range of sources and perspective than the Intelligence Community. What users are seeking is the unique evidence or insights that can only be obtained through intelligence. They make their own broad judgments on the basis of intelligence and all other sources of information.

-- The NIE effort is also oriented towards the myth of direct readership by senior policy makers. Most such NIEs are probably not read by policy makers, but are rather reviewed and highlighted by their staffs. The Intelligence Community ignores this reality, and the need of such staffs for well documented evidence. It concentrates on providing broad judgments to the "executive non-reader."

B. "Politicization"

-- The NIE process "politicizes" intelligence in several ways. First, the documents reflect a consistent tendency to "blow with the wind" in supporting the views of major policymakers. Second, the effort to generate a consensus or agreed position tends to freeze intelligence around the resulting community approach.

-- The NSSM system often "bypasses" or "catalyzes" the NIE process by giving policy makers rapid uncoordinated support in areas of critical interest. As a result, the NIE has little impact once issued, and tends to respond to hidden agendas in the original NSSM tasking or product. Many users and producers are unaware of the NSSM process that proceeds the NIEs, and have no way of knowing how such guidance has politicized the NIE.

-- Similar special tasking of NIE efforts by senior policy makers has the same political impact on the NIE and NIAM process.

C. Quality of Analysis and Presentation

-- The analytic approach used in NIEs has never been properly defined, and user desires and priorities regarding the depth and nature of the analysis, presentation of the evidence, and reporting of issues and uncertainties, have never been properly surveyed. The emphasis has tended to be on presenting judgments rather than surfacing the unique information held by intelligence. The use of modern analytic techniques is poor.

-- The intelligence system tends to select the managers of the national production process on the basis of seniority. Most of these managers lack training in modern analytic and research techniques, and have spent their lives within the confines of the intelligence system. Accordingly, they tend to deal with national estimates as a judgmental "art form" in many areas where better methods of analysis could resolve or clarify issues and uncertainties, and where improved analysis could give users a much clearer picture of what is now described in generalized prose.

D. Management of the NIE Process

-- The NIE process ties the Community to a time consuming formal effort at coordination. This process, once completed, acts to constrain future exploration of different or dissenting views which might challenge NIE judgments. It offsets any potential advantage in bringing the Community together to discuss a given issue.

-- The NIE process is not properly responsive to users, and insufficient effort is made to survey user needs, or determine exactly what users want covered. The unstructured efforts of the NIOs are only partially successful in providing terms of reference to users for review, and the community exhibits a strong tendency to "talk to itself", or deal with issues of internal concern, rather than concern to users.

-- The NIE process lacks "transparency". Users lack an adequate bibliography and production plan. The reasons why estimates are generated are often unclear, and the reasons for omitting given topics are unclear. Slipping deadlines is common and prevents the user from planning his work to make use of the resulting product. Efforts are cancelled without proper user consultation or notification.

-- The "absolute monarchy" of the Board of Estimates has been replaced by the "fuedal system" of the NIOs. The NIOs concentrate their efforts in shaping the national process on a few senior consumers and the internal concerns of the intelligence community. They differ significantly in quality and approach. They lack the authority to "manage" the resulting national production effort, and cannot spend the time necessary to "market" their product properly.

-- The management of the NIE process has tended to focus on senior policy makers in the NSC and State Department as the primary customers for national intelligence. It is questionable that the Intelligence Community makes a proper effort to survey the needs of other consumers, or to determine the potential value of national products to theater commanders, embassies, and other potential users less directly in the line of command.

-- The NIE process lends itself to attempts by members of the Intelligence Community to use it to obtain access to policy makers, or to influence policy and assessments. Its lack of formal structure and outside user review, coupled to the differences between the capabilities and interests of individual NIOs and the politics of the NFIB, makes it impossible to manage the effort so a consistent effort is made at objectivity, and so that information is not used as "power".

E. Use of Resources

-- The NIE effort consumes so many resources that more productive research and production cannot be carried out. Resources that should go to innovation and in-depth analysis are now consumed in supporting and coordinating NIEs.

F. Classification, Distribution, and Bureaucratic Compartmentation

-- NIEs and NIANs are consistently overclassified and restricted in distribution. Perhaps unintentionally, this tends to compartment users away from a proper understanding of intelligence issues and uncertainties, and from the detailed rationale and evidence behind intelligence judgments.

-- There is no security reason why most national products could not be more broadly released to cleared members of Congress and their staffs. The national intelligence process is artificially oriented towards the executive branch to the partial exclusion of the legislative branch.

While viewpoints differ significantly within the user and producer communities regarding the validity of the individual points in Tables One and Two, it seems fair to comment that the list of problems in Table Two has begun to cause general concern about the state of the national estimative effort. This concern is of particular importance to defense because of the scale of the defense intelligence resources devoted to NIEs, and because of the potential importance of community-wide judgments in supporting defense planning and policy.

B. OPTIONS FOR IMPROVING THE NIE PROCESS

In spite of the various criticisms of the NIE process, it is unlikely that most critics would consider the option of simply abolishing efforts at producing community intelligence documents. The issue is not one of whether the Community should seek to cooperate in integrating its diverse analytic efforts, but rather how it can improve its management of this cooperation, how it can best present the result, and how it can best make its work useful to policy makers.

Fortunately, there are a wide range of options through which the Community might deal with the problems in Tab Two, and improve the NIE process. These potential improvements are summarized in Table Three:

TABLE THREE
SUMMARY OF OPTIONS FOR IMPROVING THE NIE PROCESS

A. Relevance to Senior Policy Makers

-- Introduce a formal system to coordinate terms of reference with the user. Bring the user into the loop.

-- Give users broad access to the NIOs Monthly Status Report so they can understand the interaction between the NIE, NIAM, and NSSM process.

-- Alternatively, provide a combined bibliography and production plans for the overall NIE, NIAM, and NSSM effort, and update on a monthly basis.

-- Shift the NIE process from analysis of foreign forces to net assessment of foreign and U.S. capabilities, policies, or interests. Possibly subordinate the national intelligence process to the status of inputs to an NSC-led effort at national net assessments.

-- Introduce formal procedures for seeking user views or evaluations of the completed NIE.

-- Introduce formal procedures for consulting with users if documents are "slipped" or cancelled.

-- Conduct "market survey" of users to determine their views regarding how the NIE/NIAM/NSSM process and product can best be improved.

B. "Politicization"

-- Eliminate special NSSM tasking of intelligence. Allow users such as the NSC to task individual elements of the Community to perform NIEs without requiring formal coordination and to set deadlines. Require, however, that all such terms of reference should be provided to other users and producers for review.

-- Require all NIEs to present an annex including all relevant user and producer tasking.

-- Accept the reality that some degree of politicization is both inevitable and desirable. Seek to manage this process through coordination with a number of users and producers, and making the NIE process as transparent as possible.

-- Place a time limit on NIE and NIAM products. Remove any implication that users or producers should have to regard such intelligence as "agreed" beyond a specific date. Work actively within the intelligence community to eliminate procedures requiring formal coordination with "estimates" versus comment or review.

C. Quality of Analysis and Presentation

-- Shift from an ethic of providing broad judgments to one of presenting unique insights. This would mean shifting from giving the user general predictions or conclusions to concentrating on presenting summary analysis of intelligence evidence and indicators.

-- Improve the staffing at the NIO and working level so that modern analytic and evaluation techniques are widely introduced. End the "art form" approach to national estimates wherever possible.

-- Add a small central analytic methods staff to the NIO or new NIE management. Use this staff to introduce new analytic methods, and to develop a consistent quality within the NIE effort.

- Require all NIAMs and NIEs to use quantification of uncertainty initiated by DIA and provide separate Tables or Annexes. List uncertainties and gaps in intelligence.

- Require each NIE to include an annex proposing goals for improving the quality of intelligence in the area of concern.

- Require key user staffs to evaluate NIEs and NIAMs, and to suggest area for improvement or additional coverage.

- Require production of a semi-annual NIE whose subject is major issues in intelligence. This would provide users and producers with an overview of the major gaps and problems in the NIE effort, and focus attention on the overall quality of NIE analysis.

- Introduce interactive user-producer analysis in key areas so that user operational research and simulation capabilities could be used by the Intelligence Community.

- Appoint a Senior Review Board of scholars from outside the Intelligence Community so that the NIE effort was regularly reviewed by experts from outside the Intelligence Community.

- Introduce a system of rotational hiring of outside experts for individual NIEs. Ensure that key NIEs usually have a new expert working as part of the regular intelligence team on a one-time basis.

- Sustain the "B team" approach of independent outside parallel efforts at NIE analysis. Accept the risk of advocacy and leaks, and meet this by ensuring that both ends of the spectrum of views conduct such studies and not simply one view or pole.

- Survey user attitudes regarding the use of different methods of analysis and presentation by showing them examples of given types. Regularly survey users regarding individual improvements in methods of analysis and reporting.

D. Management of the NIE Process

- Introduce NSC and departmental review of the NIE and NIAM production plan so that its timing may be better scheduled to meet policy level needs.

- Clearly and firmly subordinate the individual NIOs to an official charged with managing the overall national production effort.

- Tie NIE production planning to an overall production plan for the area of intelligence concerned. Set clearly stated goals for improving the quality of production, and dealing with key issues. All user review of the overall production plan as well as the TOR for individual NIEs.

-- Eliminate the thesis that all NIEs require formal coordination. Task given agencies to produce NIEs without coordination, but including other agency comments. Set up NIE "teams" which report independently to the DCI without coordination, and which would then have their product reviewed for agency comment.

-- Set up rigid formal limits on coordination time. Act to reduce the time and resources spent on coordination.

-- Reduce the overall resources allocated to individual NIEs to reduce the scale of coordination. Concentrate on bringing a few good analysts together from the Community rather than massive Community efforts at coordination.

-- Appoint NIOs and DIOs for a fixed term of two years on rotational assignment. Ensure that fresh approaches take place in given areas.

-- Set up a full time "marketing" staff of two-three persons in addition to the NIOs to ensure that user views and needs are given proper emphasis.

-- The main changes required in the management of the NIE process probably lie in the need to make it responsive to users, to make it transparent outside the Intelligence Community, and to adopt procedures geared at improving the quality of the analysis and presentation.

E. Use of Resources

-- Introduce a formal process for requesting and approving the use of various intelligence agency resources in support of NIEs and NIAMs. Do not treat as free good, or approve without formal coordination of terms of reference with users and producers.

-- Introduce budgeting and cost of individual NIEs and NIAMs. Require NFIB or CFI approval of resource budget as well as project. Report semi-annually to NSC on the inter-agency cost of NIEs as part of semi-annual evaluation of intelligence.

-- Ensure more effective use of resources through implementation of previous recommendations regarding making NIEs more responsive to users and improving management of the NIE process.

F. Classification, Distribution, and Bureaucratic Compartmentation

-- Set up a specific office in the IC Staff charged with minimizing the improper use of codeword or sensitive classifications, with ensuring the maximum distribution of the product, and with verifying that users receive and use the product.

- Make all codeword material part of a separate supplement presenting only the codeword portion of the text.
- Eliminate over-classification of NIE drafts. These often seem to be codeword simply to restrict access. Permit broader review.
- Release non-policy related products to Congress.
- Remove restrictions on contractor or FCRC use. Encourage outside review, and presentation of alternative analyses.

C. MOVING TOWARDS A BUREAUCRATIC SOLUTION

It does not seem useful at this point to advocate any given mix of the options presented in Table Three. This should be determined by a concerted effort by a wide range of users and producers. Any given observer of the present NIE process can only see part of the issues involved, and must have a somewhat biased view of what needs to be done.

What Table Three does demonstrate, however, is that there are short and long-term solutions to most of the problems in the NIE process, and that it should be possible to select a mix of such solutions that will deal with the bulk of present criticisms and concerns. In fact, important improvements could be made even if only procedural changes were made in the NIE process.

1. Impact of the Department of Defense

Defense users and producers would benefit at least as much from such improvements as any other members of the national security community:

-- While DoD users and producers have the advantage of a steadily improving in-house intelligence capability, improved national intelligence that adequately serves DOD planning needs would help to reduce Congressional and other agency feelings that Defense may be using its own intelligence resources to support its causes and budgets.

-- Defense is ultimately as dependent on good political and strategic intelligence at the national level as any other user. Its ability to use its internal resources to monitor foreign military developments must be supplemented by a broad effort to analyze political and economic threats to U.S. security, and to measure threat goals and intentions.

-- The NIE/NIAM process consumes steadily greater amounts of Defense intelligence analytic resources at a time when these resources face potential further reductions. Defense does not perform its own efforts at integrating its various products, and relies de facto on the NIE process to pull things together. Accordingly, Defense now lacks the resources to perform many important analytic activities because of the effort it puts into NIEs, and has no substitute or alternative effort that can make up for the failures in the NIE system.

2. Establishing an NSC-Led Review of the National Estimates Process

Accordingly, it might be useful for DOD to ask the NSC to initiate a broadly based effort to reevaluate the NIE process, and to determine what options for improving the NIE system would be most useful to both senior policy makers and to a broad spectrum of users and producers.

NSC leadership of such a review seems preferable to an IC Staff led effort for two reasons. First, it seems unlikely that intelligence could objectively review its own performance in this areas, particularly at the level most responsible for the present process. And second, because this is a producer and and user problem, and intelligence should not decouple the user from active participation in such a study.

D. TWO AREAS OF SPECIAL CONCERN

If such a review of the NIE process is initiated, special attention should be given to two issues: the potential use of modern marketing techniques in conducting the study, and the potential value of converting the NIE process to one of national net assessments.

1. Supporting the Study With a "Marketing" Approach

The Intelligence Community has done a great deal to improve its efforts to seek out and respond to user needs in the last few years. It still, however, is largely inexperienced in determining what users want, and particularly in seeking user views in a way where it will develop a sense of how users would view alternative approaches as distinguished from criticize current methods. Modern commercial marketing research has made significant strides in developing tools which get around the weaknesses of an unstructured or self-seeking approach to interview given users. Accordingly, serious consideration should be given to seeking outside professional help in "market analysis" in conducting such a study.

In any case, an aggressive effort should be made to seek out a wide range of user views and concerns using a well structured approach. The result should be in a form where user views can be analytically summarized, and related to specific improvement options.

Many senior users will still be in the process of familiarizing themselves with the NIE process. Also, any study effort will have to include the views of past policy makers and intelligence experts.

2. The Problem of the National Net Assessment

The option of replacing CIA/IC Staff-led national intelligence estimates with NSC-led national net assessments is so significant a departure from the present NIE process that it deserves separate study. It would combine many aspects of the present NIE and NSSM process, and the resulting products would have implications which reach far beyond intelligence.

There are strong arguments for such an approach:

TABLE FOUR
THE CASE FOR NATIONAL NET ASSESSMENTS

-- Even a perfect intelligence estimate still leaves the user with the question of "relative to what?". He must perform his own intuitive net assessment if he is to tie the analysis of foreign capabilities to an estimate of U.S. policy interests, military capabilities, economic performance, etc.

-- Intelligence can never perfectly report on foreign actions and intentions without a knowledge of U.S. actions which influence foreign nations. Long experience has demonstrated that intelligence can only develop this knowledge if it works directly with the user. User briefings and reports of intelligence are not a substitute.

-- The timing of intelligence production is critical. If the key user controls this timing, then it will be responsive to user needs.

-- At a given level of sophistication, intelligence reaches the point where it can only set priorities and expand its depth of analysis if it is providing data on foreign forces which is as comparable as possible to that on U.S. capabilities. It otherwise must drift into sub-optimizing on problems which are internally generated within the Intelligence Community, or increase the sophistication of its analysis in ways which use different definitions and criteria, and which cannot be used reliably by people outside the Intelligence Community.

-- The efforts to create national intelligence requirements which are not linked to specific products and user needs have never been satisfactory. The user never fully participates in such efforts, and his requirements for specific support later comes to dominate actual production. National net assessments would develop user priorities for improved intelligence which reflect the real needs of users.

-- Intelligence is now largely limited to a process of "input" analysis. It can describe foreign actions, potential developments, and trends, but it cannot generally analyze their "output" or impact because this depends on the interaction between the foreign activity analysis and the U.S. national net assessments could focus on this interaction and the "output" of intelligence analysis.

-- National net assessments could also eliminate some of the more erratic and negative aspects of the NSSM process. Some NSSMs dealing with the balance have been among the most useful and insightful documents written within the bureaucracy. The series of NSSMs on the NATO/Warsaw Pact balance in the late 1960s, for example, reached a depth of analysis which has never been equaled since. The success of the NSSM process, however, has always been highly uneven. It has never had a coherent set of criteria, it varies sharply in depth and content, and is often driven to artificial deadlines which result in shallow and inferior products.

The recent NSSM 246 exercise is a classic example of such problems. It raised important issues and concerns, but was so artificial in its time constraints that it could not deal with them. A regular national net assessment would provide the necessary in-depth research, and serve as the starting point for rapid NSSM analysis.

-- Such national net assessments would provide most of the advantages in the NIE process listed in Table One and eliminate many of the weaknesses listed in Table Two. Above all, they would allow intelligence managers to determine what really is important, and to determine what intelligence issues or gaps really are of meaning to U.S. policy and planning. They would also have the "transparency" lacking in the present NIEs. Both users and producers could see what a given intelligence development would influence, and its relevance. This interaction would be opaque in even the best NIE dealing only with foreign forces.

The key argument against such a reform also, however, deserves careful consideration. This argument is not the possibility that such estimates might "politicize" national intelligence; the NIEs are already heavily politicized. Nor, is it the host of bureaucratic reasons raised against any major shift in organization and activity. It is rather the question the conservative economist Freidrick Hayeck raised to the advocates of government managed economies in the late 1930s, "Who are the planners? Who is trained to do such work? Who can transform such theory into practice?"

The question is equally valid when applied to national net assessments. There are few analysts and managers trained in such work. Yet, the answer to this argument may be that the present NIE process has so many shortcomings that it is worth the cost of learning how to do national net assessments. It is also interesting to note that the U.S. did draft national net assessments in the late 1950s, and that attempts at net assessment in later NSSMs and DOD studies have generally been more useful than "red-only" intelligence studies.

The issue of "who are the planners" is valid enough, however, so that it should be given very careful consideration.

Improving the Intelligence Planning Cycle:

Some Goals and Priorities

The following points merit consideration in trying to design both a national cycle to meet the new requirements of the CFI and DCI, and an improved defense cycle.

1. The Key Decisions Require a Long-Term Goal and Concept of What Defense Intelligence Should Be

Defense intelligence as a whole is organized in response to the technological innovations made in collection, and the trade-offs made between manpower reductions and added real expenditure in IDHS. This is not an effective structure for planning, and it tends to create a machine orientation which leads to imbalances between collection, processing, and analysis.

Defense needs a set of long-term program objectives, agreed at the national level, which provide the sense of direction suggested in Mr. Slack's memo, and move towards a coherent structure or view of what defense intelligence should become 5-15 years in the future. This is the silent "P" in the PPBS process.

2. Manpower and Dollars Need to be Compared Side by Side

One of ASD(I)'s past mistakes was to concentrate on major dollar expenditures to the exclusion of manpower. This was coupled to a failure to realize that manpower cuts enforced only in OSD or identified intelligence programs in DoD would have the twin effects of:

- driving components to substitute poorly controlled hardware expenditures for tightly or over-rigidly controlled manpower.

- pushing intelligence functions into the less controlled or resource limited areas like the intelligence-related area, the commands, etc. This has squeezed DIA and the Services down to the point where many analytic reforms are manpower restricted, while forcing DIA to devote large manpower and ADP resources out of its remaining assets to manage what was disbursed or delegated.

Future planning must tie both dollars and manpower together, and recognize that dollars may shape budgets, but manpower assets drive activity and the process of intelligence. Trade-offs and reductions must be seen in terms of both dollars and manpower, and decisions involving limited dollars but critical manpower must be dealt with as being as important as decisions involving large amounts of dollars but limited manpower and substantive product impact.

3. Defense Requirements Documents Need to be Rationalized

The proliferation of different defense intelligence requirements documents is a major management failure. The key to effective planning of the substantive effort is to have an effective requirements process that combines short and long-term requirements into an ordered hierarchy with a set of priorities. The DKIJs, to DIA's great credit are evolving in this direction.

The time has now come to bring an end to the other documents, and to pull DoD's bits and pieces together. There may be a need to provide more detailed supplements to the DKIJs, and to break out related documents for given commands or Services, but there is no reason that these cannot be made into an interrelated system.

Most importantly, defense needs to start giving tactical, command, and Service needs a proper priority relative to OSD and national needs and to bring them together in a form the IC Staff and NSC Staff can review.

There is a serious risk that a new national planning cycle could become over-oriented towards the Washington level user, or non-military user whose needs reach the policy level and are well understood by the NSC and IC Staff. The importance and unique nature of tactical requirements should be made clear at the national level and be made part of the overall requirements process.

4. The Goals and Objectives for Resource Planning Need to be Tied to Substantive Objectives

ASD(I) and DIA made a good beginning in last year's program guidance in providing overall goals and objectives for the defense intelligence budget. Three major problems remain.

-- An artificial decoupling of substantive and resource objectives was enforced for bureaucratic reasons because of past tensions between DIA and ASD(I). A single set of goals and objectives now needs to be established which gives the proper weight to substantive improvements.

-- The substantive objectives need to be improved. This requires the improvements in the requirements documents suggested previously.

-- An overstructure is needed to describe the kind of defense intelligence system DoD is trying to create.

5. Planning, and an Objectives and Requirements, Phase Needs to Be Built into the Defense Intelligence Planning Cycle

The resource managers now take the lead in establishing goals and objectives for defense intelligence, and in the de facto operation of the national intelligence cycle, because planners and substantive managers have either failed to provide suitable inputs to the planning cycle, or provide them too late to be effective, or provide them in a form that is not really suitable for resource management.

The "cycle" needs to be expanded so that there is time to plan, and to set broad substantive requirements and objectives before resource issues begin to dominate the cycle. The cycle also needs to be expanded to include issue papers and POM studies of the type that began to be tasked in last year's guidance document, but which reflect more input from the planner and substantive manager as well as from the resource manager.

6. Focus on the Margins of Change

Again, the resource manager has taken the lead in focusing on what is to be changed rather than a laborious overall process of trying to redo all requirements or substantive planning tasking each year. The planning effort in defense intelligence needs to be sharply refocused to let what is operating reasonably successfully alone, and to focus on what should be changed. Various IMIS elements need to be reshaped so that "steady state" operations are delegated, and high level managers are informed of what is changing rather than routine progress.

7. The Program Element Structure

The defense intelligence program element system needs to be restructured to allow better substantive or output management. The split between collection and production needs to be ended, and enough detail needs to be added to allow flexible reallocation of resources to test how given changes could affect substantive production. Special attention needs to be paid to organizing intelligence-related and tactical intelligence expenditures more functionally so that it is easier to cross allocate from program to program, and to justify the overall mix of effort even when intelligence-related activities are not formally part of intelligence programs.

8. Managing the Production and Product Evaluation Effort

A combined bibliography and production plan needs to be developed which is organized by substantive category so that intelligence managers can tie the overall pattern of developments in the product to the requirements, plans, and resources activity which is part of the defense intelligence cycle.

The current DIA and defense intelligence bibliography and production plan system makes effective substantive management virtually impossible. There is no way to trace the evolution that has taken place, or is planned, in the product. The bibliography system is splintered and often dated, incomplete, and unannotated. Much of production is not reported because it is non-scheduled (about 50% of the total), or because the requirements for formally scheduling the product are too cumbersome or require too much coordination.

This makes it almost impossible to evaluate the overall intelligence effort, to set goals for product improvement or the introduction of new analytic techniques in an orderly way, or to plan the integration of user, intelligence, and contract efforts to reinforce each other rather than compete.

No resource or requirements system can, by itself, provide for effective substantive management. A schema must also be developed for providing a "live" overview of the development of the product. Such a system would also have the benefit of:

- Greatly improving user ability to reference the product, and schedule work to take advantage of planned production.
- Allow for the development of coordinated DoD-wide intelligence efforts, and coordination with groups like OSD ISA, OSD(NA), OJCS, etc.
- Allowing managers to tie products to the DKI/Qs and community requirements on an automated basis, and trace the product effort over time.
- Allowing goals or objectives for improving the product to be built into the same ADP system so that improvement can be monitored relative to specific products, and the rate of improvement measured over time. (The rate of introduction of new analytic techniques in specific areas could easily be built into such programs.)
- Allowing rapid updating of the DKI/Qs to be reflected in shifts in the overall product tasking or planning.
- Allowing effective overall product evaluation.
- Allowing console type managerial review of the production effort at "tailored" levels of content and detail.

30 December 1975

SUBJECT: The NIO and DIO System: A Dissenting View

The NIO system in CIA, and the DIO system in DIA, are often praised as examples of modernization in the Intelligence Community. They are cited as helping to improve coordination within the branches of the Intelligence Community, as helping to focus intelligence to support policy makers, and as means of obtaining improved links between the Intelligence Community and the Consumer.

I disagree. I feel that the present NIO and DIO system should be disbanded in any reorganization of the Intelligence Community, and replaced with suitably professional staffs to properly manage and coordinate the substantive effort in key areas using modern management and analytic techniques.

A. Problems in the NIO/DIO Approach

I recognize that this goes against the "conventional wisdom" of the Community, but would advance the following reasons for this recommendation:

- The NIOs and DIOs do not professionalize intelligence. Instead they personalize it. They are symbols of the doctrine that intelligence is a special "art form" whose success is measured not in the ability to communicate information, but in the ability to intuit useful personal "estimates" of possible actions by foreign governments. As a result, the U.S. intelligence effort tends to be biased, particularly in the Warsaw Pact and TNW area, by the personal views and policy orientation of the NIOs and DIOs.

- The NIOs and DIOs have been chosen as the personal tools of the DCI and Director of DIA. They are being used to support each Director in his effort to gain the attention of senior policy makers and to support his views. As such, they may be suitable staff assistants if one accepts the theory that the Directors involved have a role to play as the ultimate analyst in their respective organizations. But, the NIOs and DIOs do not

generally spend their time as substantive managers and improvers of the product and support analysis because their primary job is to support the Director and not to independently improve the substantive effort. They thus come closer to being tools of a "personality cult" than a method of reform.

- With some outstanding exceptions, the NIOs and DIOs tend to be the voices of the past rather than the future. They are long service officers who came out of the bureaucracy or related studies community they are tasked with changing, and who lack experience in and training in modern management and analytic techniques. Many still regard the Intelligence Community as a kind of closed "fourth branch" of government. They act to protect the Community from outside analytic "competition", and support the resistance of the Community to a more open and modern approach to intelligence production and analysis.

- The NIOs and DIOs are now acting to increase intelligence negotiation. They are not helping to surface differences or intelligence problems, but rather to negotiate lowest common denominator production.

- Rather than improve responsiveness to the Consumer, the NIOs and DIOs are attempting to become the exclusive voice of intelligence in their specific areas. Again, with notable exceptions, they have acted more as apologists and filters than experts seeking to improve the overall support of consumers and to improve Community responsiveness.

- Because the NIOs and DIOs operate as individuals in substantive areas rather than substantive managers using well developed management and analytic information systems.

- They tend to "feudalize" the intelligence process rather than coordinate it. Each NIO and DIO operates largely on the basis of his personal experience and intuition. As such, he may be successful in some specific areas. But, he cannot personally conduct a balanced effort to improve the overall substantive effort in their specific area unless he creates his own management tools to give him the information he lacks. At least one NIO, to his credit, has done this. Most, however, have not. And, even if all of them did set up their own systems, such disparate individual reporting systems would make agency-wide management review and improvement impossible.

- The NIOs tend to resist reform by the IC Staff, although this is only apparent through detailed staff conversations. They resist efforts at systematic substantive management. They defend their "fiefdoms" and personal policy making role. They prefer to "wheel and deal" instead of institutionalizing improved methods and techniques, and resist IC Staff efforts to set up management systems that report on the substantive effort.

- The NIOs and DIOs skew the substantive effort towards the Intelligence Community's view of what the top level consumer wants, and they skew it towards policy-oriented estimative intelligence to go directly to the policy maker rather than to support top level staffs or to communicate hard intelligence. The result is an effort to compete for the attention of the policy maker.

- This seems to encourage "intelligence journalism": The tendency to provide intelligence in short, readable, and easy to understand "news articles", and to try to get 15 minutes or a half-hour of the time of senior personnel, rather than support their staffs with the detailed facts that modern collection systems make possible and which are the unique contribution of intelligence.

B. What Should Be Done

Part of the problem with the NIOs and DIOs reflects the judgment of the DCI and Director of DIA who chose them. They tend to be "old boys" who are voices of the past, when the Community needs substantive leaders capable of aggressive reform, and who combine substantive expertise with experience and training in:

- modern resource management techniques
- modern analytic techniques
- the technology and capability of modern collectors
- the role ADP and modern data support systems can play in substantive areas

The most serious problem, however, is not one of personalities, but purpose. If the DCI and Director of DIA want personal assistants in substantive areas they should have such support. But, the Community as a whole, and the consumer, need substantive managers who will:

- focus on meeting the needs of all consumers
- develop analytic management systems to improve the overall analytic effort and production effort in their substantive area
- monitor the resource management effort in their substantive area across organizational lines
- monitor information flow from collection to production
- work to open up the system, minimize compartmentation, and adopt well structured systems to measure consumer needs.

In short, in creating the NIOs and DIOs, the intelligence leadership appears to have reacted to the nineteenth century problems of functional "line" management in their organizations by reverting to the personalized management systems of the 17th century. What should be done in the case of CIA is to reorganize the IC Staff to transform the NIOs into RS with suitable management systems and staffs, and provide personal staff assistants to the DCI only if he really wants them. What should be done in the case of DIA is to:

- cease funding the DIO system in FY 77.
- reorganize the management effort within DI, DE, DC and DT to create modern substantive management units which cut across organizational lines by substantive area.
- program by substantive area as part of the PMGM.
- include suitable staff to bring the CCP effort under better central management by substantive area.
- use this to make major personnel cuts in the individual component management staffs, and in DP and DS. (50% or even more seems possible in some areas.)
- introduce MBO type management by substantive area to be achieved by the new substantive management staffs.
- reduce the rank and grade of personal assistants to the DCI and Director of DIA to grades no higher than GS-13/0-4. This will ensure that they remain properly subordinate to the overall substantive management effort, and prevent them from being voices of the past.

18 February 1976

SUBJECT: Implementing the National Intelligence Organization

The broad outline of the national intelligence reorganization given at the White House meeting of 16 February will have to be translated quickly into staffs, planning systems, a new committee structure, and suitable reports. Specifically, it will be necessary to:

- Create a national intelligence PPBS system that will allow the CFI to operate effectively, and to avoid "hobby shop" emphasis on specific problems or issues.
- Couple the PPBS system to a substantively oriented guidance and reporting cycle that will:
 - o tie policy and resources to substantive intelligence areas with suitable performance objectives and MBOs;
 - o allow cross-programming and total program costing to eliminate barriers because of improperly defined program elements, division of reporting into collection, processing, and production, and other agency-oriented divisions;
 - o link the operation of the system to consumer needs and priorities.
- Support the CFI and Intelligence Oversight Board with a staff and Committee system tailored to efficient management and ensuring responsiveness to consumer needs, rather than the maintenance of historically evolved methods of operation, and compartmentation of the intelligence process away from consumers.
- Ensure from the outset that such staff is dominated by strong leaders from outside the system, and personnel from within the system who want to improve and reform its operations. It must not simply pick up personnel from the existing IC Staff and Agency-selected candidates.
- Establish meaningful patterns of "management control" in areas other than resource decisions. Specifically, find ways to ensure that all major elements of the intelligence community work together smoothly, and that maximum cross-Agency trade-offs are achieved.

- Find ways through which the "NSC Staff" can effectively
 - o provide a semi-annual review of the product;
 - o conduct a meaningful semi-annual policy review.
- Find mechanisms through which the Intelligence Oversight Board can move from the special interest and hobby-shop like operation of the PFIAB to being a professional body with efficient capability to exercise a useful role.
- Organize the Special Intelligence Operating Group to properly plan and analyze covert operations with suitable analysis of:
 - o Soviet and other foreign perceptions of U.S. actions;
 - o The interaction between U.S. actions and foreign actions and responses;
 - o The probable and possible pattern of events with and without U.S. covert action;
 - o The cost and risk of U.S. action, and the cost and risk of threat counter-action.

A. Creating a National Intelligence PPBS

Both DIA and CIA are now linked to budgeting and planning systems that owe more to history than to administrative necessity. The CIA system is isolated from general review and more loosely structured than defense. It reflects the individual baronies of given personalities in the agency. The DIA PPBS system is:

- only beginning to be substantively oriented;
- is awkwardly suspended between traditional systems and automated MIS;
- reflects strong rivalries with ASD(I);
- allows "thin edge of the wedge" programming;
- is partly isolated from the NRP and NSA;
- deals awkwardly with the Services and intelligence-related areas;
- is awkwardly linked to the JSTPS in the planning stage.

1. Setting Up a PPBS Task Group

The IC Staff and DIA have both presented various concepts to help solve these problems, but they seem to reflect good intentions more than competence, and mix such intentions with Agency jockeying for power. It is suggested, therefore, that a mixed task force be set up under an outside management expert to consider how the disparate elements of the existing system can be brought into an effective system that will preserve suitable Agency autonomy and give the DCI and CFI the power it needs.

2. Creating Director for Management and Resources

At the same time, a strong creative leader is needed who can shape the new PPBS and implement it without having the DCI or CFI act to over-structure and system and deny users of tactical intelligence the priority and flexibility they deserve. Ideally, this means creating a Director for Management and Resources directly under the DCI who is separate from the CIA and DIA, oriented towards national and NSC needs, and hopefully part of a staff located near enough to the White House to make his separation from the CIA clear.

3. Setting Up A DCI/CFI Staff

Finally, the IC Staff dealing with such issues needs to be restructured and purged. There are members of this staff that can provide useful insights and continuity, but overall, it is not capable of providing the support the DCI and CFI need. Further, the staff must be decoupled from CIA and DIA. It must depend in career terms on the DCI and CFI, and this means severing all re-employment rights and career status in either agency. In general, the entire DCI/CFI/SIOG/IOB staff structure should be a separate Schedule A service with only enough delegation from CIA and DIA to ensure specialized expertise, and limited continuing exchange and flow of CIA and DIA personnel for career development purposes.

B. Coupling the PPBS System to A Substantively Oriented Guidance and Reporting Cycle

The present budgeting system tends to encourage a "hobby shop" approach where major resource decisions are broken down into unrelated compartments like the NRO or IRAC. Creating a central PPBS system and tying major resource decisions to the overall national intelligence budget will help to correct these problems, but other reforms are also required and will have to be pursued by any task force and Director of Resources and Management.

1. Tie Policy and Resources to Substantive Intelligence Areas and Suitable Performance Objectives/MBOs

Neither the DCI nor CFI should attempt to micro-manage. They should focus instead on bringing the overall structure of intelligence into the proper balance of substantive effort within a given level of resources, and on making the kind of policy-related decisions that ensure suitable trade-offs take place between agencies, substantive areas, and collection, processing, and production.

The current system gives decision makers only three choices:

- hobby shop management: looking at what interests them personally, and forgetting the rest.
- micro-management: trying personally to pull together the disparate elements of the problem their staffs should do.
- abdication: pretending the system is efficient whenever it is not actively embarrassing.

Correcting this situation requires that a Community CDIP be created with:

- a standardized structure;
- resources and programs related to substantive areas and efforts in at least broad terms;
- a five-year program tied to measurable objectives and goals both in overall terms and by substantive area.

2. The Guidance Cycle

The improved PPBS suggested above will meet some of these goals, but more action is required. The present intelligence guidance cycle is composed of a wide range of different documents which emerge at erratic intervals, and whose content is often more theological than managerial. There needs to be a national intelligence planning cycle that:

- links all the agencies in the intelligence community;
- furnishes the NSC staff with the material for its semi-annual reviews;
- gives the IOB a clear and meaningful role;
- ties all agencies to a common calendar;
- sets achievable and measurable objectives by substantive and major management area;
- avoids "theological" guidance or "managing" too far into the future;
- reduces supporting MIS, and DCI controls, to the level required for monitoring performance and management by exception;
- makes consumer needs drive the system.

3. Guidance by Five-Year Plan Related Objectives

Two useful new approaches exist which could serve as the core of such a guidance system. The first is the set of major substantive objectives that ASD(I) has originated for the FY 76 defense intelligence planning cycle. These objectives tie the resources of the defense intelligence community to specific major objectives and step necessary to achieve them. They are not general attempts to describe the climate of the world, or goals unrelated to resources, but rather a FYDP related effort that sets specific measurable goals within each major objective to be achieved in each programming year. This system, expanded in depth to cover substantive areas as well as the existing broad goals for improving the overall quality of intelligence, seems to be the major documentation required in the planning cycle.

4. "Closed Loop" or Consumer-Oriented Guidance

The second is the DKIQ/DKIN system now being developed by DIA. This solicits basic guidance from consumers in the form of detailed questions within each substantive area of intelligence. It thus sets detailed consumer requirements that require specific actions by the intelligence community.

Unlike the IC Staff approach, the DKIQ does not generalize or lead to a cumbersome "KIQ" Strategy to answer the question which is followed by an effort to micro-manage by measuring the resources each agency devotes to answering the question, or a set of value judgements as to the quality of the answers provided in a wide range of loosely related documents.

Instead, the DKIQ results in a specific document or DKIN which answers each specific question. This document draws on existing production and collection, and simultaneously shapes whatever new initiatives are required. The "loop" between consumers and the Community is closed by giving the consumer a specific answer to each question and allowing him -- not the NIOs -- to judge the quality of the answer. It also avoids trying to create an unrealistic total management system which ties all intelligence activity from collection to production to the Washington located policy level consumer.

5. Combining MBO and the DKIN/DKIQ System

The DKIQ/DKIN system can be combined with the ASD(I) system of tying the PPBS effort to general and specific five-year plan objectives to create a broad national management structure that would meet the criteria set forth earlier with minimum administrative paperwork and maximum output. Essentially, the system could consist of:

- A PPBS system structured to a set of annually updated goals and objectives which were tied to the FYP, and whose achievement could be reviewed and measured constantly by the DCI and CFI, and reviewed semi-annually by the NSC.
- A KIQ/KIN system that would not normally require a resource accounting trace but which could be cross-correlated against resources if required. This could be regularly updated to keep the "tasking" of the Community in line with policy needs and provide the DCI, CFI, and NSC with a measure of substantive progress which could be regularly reviewed.

The basic modifications required to the existing ASD(I) and DIA systems would be:

- Expanding the ASD(I) goals and objectives to meet national requirements.
- Adding a substantive and agency breakout of subelements to the ASD(I) objectives structure to provide for reporting by substantive area, and detailed review of agency performance. (This would have been done already in DoD if the DIA vs. ASD(I) debate over substantive management had not blocked the reform).
- Expanding the DKIQ structure to cover the full range of national KIQs, and tying the resulting KIQ system to the national goals and objectives by substantive area. (DIA will do this for defense in the next version of the DKIQs).

- Expanding the DKIQs to cover both current and long term questions. (The current split between current and long term objectives in the same substantive area simply proliferates guidance documents while making the long term objectives largely theoretical in nature.)
- Setting up a system through which goals, objectives, and the expanded KIQs could be regularly up-dated.
- Setting up a process for on-going and semi-annual review, rather than annual reporting.

The result would be substantially cheaper than the present planning cycle, much simpler, allow for updating, and provide better DCI and CFI policy level control with less MIS effort and expense and fewer documents. It would also provide a basis for much more substantive review by the Intelligence Oversight Board and NSC.

C. Providing a Staff for the DCI, CFI, and IOB

The key to an effective planning and management system is the restructuring of the guidance and resource management system. The DCI will need more than a resource and management system, however, to provide the kind of direction required at the national level. Moreover, the current reorganization offers the opportunity to make some fundamental reforms in the way that national intelligence management is conducted. These include:

- Decoupling the DCI from identification with the CIA.
- Decoupling the national intelligence staff from any agency bias or career pattern, and mix intelligence and outside policy and analytic oriented personnel.
- Tying tasking to consumer needs, not intelligence perceptions, and tasking to measurable results.
- Eliminating management at the top that splits into compartments like collection and production.
- Focusing on improved management systems and reform, rather than micro-management.
- Focusing national management on net assessment rather than estimates of threat or Allied forces.
- Providing national leadership in improving the product rather than making national management the ultimate producer.
- Providing for detailed oversight from outside the community.

The means of accomplishing the first three objectives have already been discussed. The others could be accomplished as follows:

1. Eliminating Management Splits Into Collection and Production

The DCI should serve as a system manager and not perpetuate staff splits between collection and production or elements within collection. This should be accomplished by the CIA, DIA, NSA, and NRP at the proper levels of decision making. Accordingly, the DCI's management staff should not have sub-sections that reflect such divisions, or agency lines.

2. Focusing on Improved Management Systems and Reform

The Director of Resources and Management should do more than simply run the PPBS. Separate sub-sections should be set up so that one sub-section is charged full time with supporting DCI control of the national intelligence PPBS, and another works full time at improving management systems, the guidance and objectives papers, and functions like career patterns. Accordingly deputy directors should exist for resources, and for management systems and objectives.

3. Focusing on Net Assessment Rather Than National Estimates

The DCI should be staffed to direct and encourage net assessment, rather than "lead" the CIA effort at national estimates of foreign and threat capabilities. His charter should reflect this, and there should be a Director for Estimates and Net Assessment. Since the net assessment effort, and overall review of the KIQ and Estimates process are separate activities, Deputy Directors and staffs should be established under him for Guidance and Tasking, and for Net Assessment.

4. Providing Leadership in Improving the Product

Experience in both DoD and the IC Staff has shown that some deliberate effort has to be made to distinguish between managing the production effort and reviewing and improving it. It has also become clear from both the NSCIC/WG and PFIAB that no Committee can carry out a suitable effort without a full time staff working the problem, and that day to day monitoring is required to ensure that agreed improvements actually take place.

Accordingly, a separate Director and staff should also be set up for Product Improvement. This staff should report directly to the DCI, and be charged with assisting the NSC Staff and IOB in reviewing intelligence community performance, and conducting any post mortems or studies of substantive failures. Again, it is essential that outside personnel lead the effort to ensure that the staff does not become the captive of the system it is intended to improve.

5. Establishing an Inspector General

For both political and visibility reasons, the DCI should not rely on the system or a committee to police the national intelligence effort. Hopefully, the role of an Inspector General may become redundant once major abuses and problems are corrected. There should, however, probably always be such an office, and it should probably be appointed for a fixed term independent of that of the President and subject to Congressional approval. This will give the DCI a means of both ensuring that justice is done, and making sure it is seen to be done.

D. Ensure Suitable Leadership

This is perhaps the most single difficult task. The DCI and CFI will begin work with the defect that their membership is known throughout the Community to either be likely to leave in the next year, or have possible political ambitions. There are no clear candidates for the next echelon of managers within the Community, and outside personnel are difficult to recruit in an election year. The issue of who are the managers is even more serious at the national level than in reorganizing defense intelligence.

E. Establish Overall Patterns of Management Control

Hopefully, restructuring the system towards an effective national planning cycle will achieve this end.

F. Effective NSC Staff Review

Again, restructuring the planning cycle, and linking it to an effective guidance cycle should give the NSC the data it needs for effective management and control.

G. Effective IOB Review

The creation of suitable product improvement and management staffs, reorientation of the estimative function towards net assessment, and restructuring of the planning system should allow the IOB to focus on critical issues, rather than continue the special interest or "hobby shop" focus of the PFIAB. The IOB will also, however, need balance. The existing three members need to be supplemented by members with other political views, a member with detailed current technical collection expertise, and an expert on management systems.

H. Organizing Special Intelligence Operations

Covert operations need to be planned in ways which:

- ensure that review and appraisal is not conducted by the proponents;
- analyze Soviet and foreign perceptions of U.S. actions explicitly;
- analyze costs and risks explicitly, and in a form which compares these costs and risks with those inherent in the contingency actions open to the threat power;
- set clear criteria and objectives for the operation;
- monitor performance independently and establish continuing analysis for review by the SIOG.

This means recruiting a staff which mixes three kinds of expertise: Policy making, covert operations execution, analytic capability.

1. Establishing a Director for Special Intelligence Operations

Ideally, the staff should be led by a director with policy planning experience, and the DCI should have a Director for Special Intelligence Operations.

This official should be separate from the NSC Staff, and appointed by the DCI for a fixed term. His appointment might be subject to Congressional approval to maximize bi-partisan confidence and support. He must come from outside the CIA, DIA, and Military Command structure to avoid selection of a "proponent or advocate". In order to preserve tightly compartmented security, his function should be kept separate from other management and product improvement efforts. In order to hold him responsible, and give him the authority he needs, he must have total access to the Community. An additional option would be to give him the powers of an Inspector General and such responsibility for special operations. He would be subject to both semi-annual NSC policy review, and Congressional oversight as a separate "compartment" of the DCI/CFI staff.

2. Establishing a Suitable Staff

A staff of five professionals should be sufficient. These might include one other policy-oriented official, two experts on such operations, and two analysts with international relations and resource background. A military officer might be delegated to ensure suitable interface with the OJCS, and DoD operations.

3. The Special Intelligence Operating Group

The Director, SIO, would provide continuing staff and analytic support for the SIOG.

I. Overall Organization and Committee Structure

A conceptual organization chart for a separate DCI staff is attached in Table One. This table assumes that the IC Staff would be abolished, and that the DCI's staff would not include the substantive intelligence production staffs of CIA. These would remain under a Deputy Director for the CIA. They also assume that the DCI's staff would not be part of the NSC, but rather a separate career office within the Executive Branch whose employees were Schedule A to give them a non-political character while giving full flexibility in hiring and firing.

1. Criteria for Staffing and Operations

The personnel figures shown in Table One are necessarily approximate, and are based on the thesis that the DCI would:

- operate primarily by tasking the system, not duplicating it;
- manage by overall program control and exception, not total management control;
- keep his staff below 100 professionals indefinitely;
- delegate tactical intelligence management to DoD and the Secretary of Defense except under exceptional circumstances;
- not attempt a "full solution" approach to management information system (MIS);
- give the managers of the individual agencies within the Community a high level of autonomy in running their separate agencies.

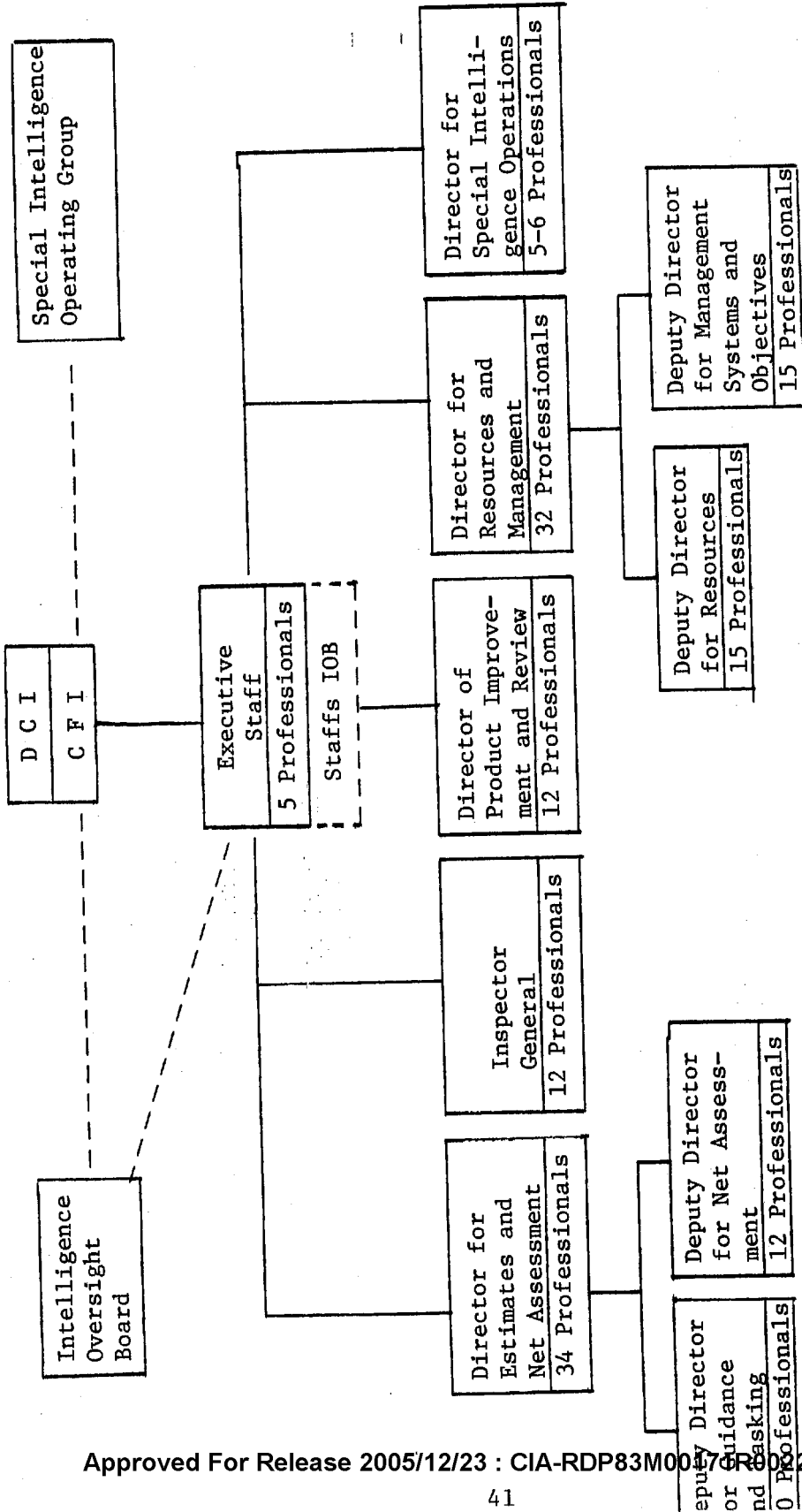
2. Committee Support

The committee support required for this system can only really be determined once it has begun to operate, and particularly once the new national PPBS system and Planning Cycle are put into operation.

There are, however, certain "iron laws" of committees that should be carefully considered before reinstituting the IRAC, EXCOM, USIB, NSCIC, and 20-30 sub-committees that existed in the past.

- A committee is not accountable.
- Committees will invariably tend to proliferate to the point where effective span of control is impossible.
- No committee that fails to suit the personal styles of the managers it supports will have a real purpose.
- Once a committee fails it can never be made to work by changing the members or terms of reference.
- Committees tend to evolve because no one is in charge, effective management systems do not exist, or active competition exists between the agencies involved.

TABLE ONE
ORGANIZATION OF THE OFFICE OF A DIRECTOR OF CENTRAL INTELLIGENCE



Accordingly, it is urged that the system try to operate with as few committees as possible, and that they be expanded only after the principals have found them necessary. The only committees that should be reconstituted from the start are those that have proven useful already and which seem to be needed under the new system. These might include:

- An Intelligence R&D Committee: to combine the useful elements and specialized expertise of the IRAC R&D Council and EXCOM.
- A Product Improvement and Review Committee: to maintain the useful elements of the NSCIC/WG and the USIB efforts at product review in a combined community/consumer forum.
- An SIO Staff Group: To provide the inter-Agency staff support the 40 Committee did not have.
- A Resources and Management Committee: to provide a forum for inter-agency resource discussions and review.

The other 100 flowers might best be allowed to wither unless they can be individually defended before the CFI, or the CFI decides some variant is needed.